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ABSTRACT

An introduction to Minnesota's educational finance system as of school year 1984-85, this compilation describes various aid programs, defines relevant terms, and shows how funds are allocated. The first section defines the following: the Foundation Aid Program, the state's basic school financing mechanism, which includes state and local funds with an equalizing factor and seven special allowances; other revenue programs, including referendum levies, summer school aid, and eight categorical aids; and variables, concepts, and procedures used to allocate funds. The remainder of the report illustrates with simple examples the eligibility criteria and funding formulae for foundation, categorical, and tax relief aids; compares the 1984-85 foundation program with the programs for 1983-84 and 1985-86; and summarizes the revenues available to school districts in 1984-85 and 1983-84. (MCG)

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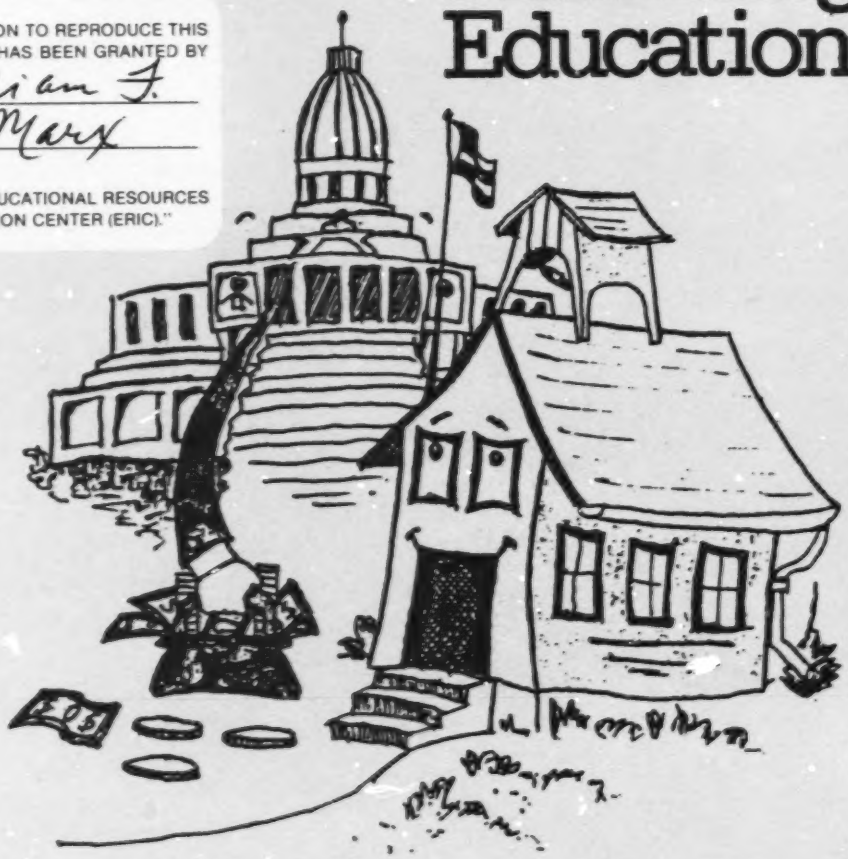
Financing Education



Minnesota *1984-85*

BY: MINNESOTA HOUSE OF REPRESENTATIVES

EDUCATION COMMITTEE

EA 017 160

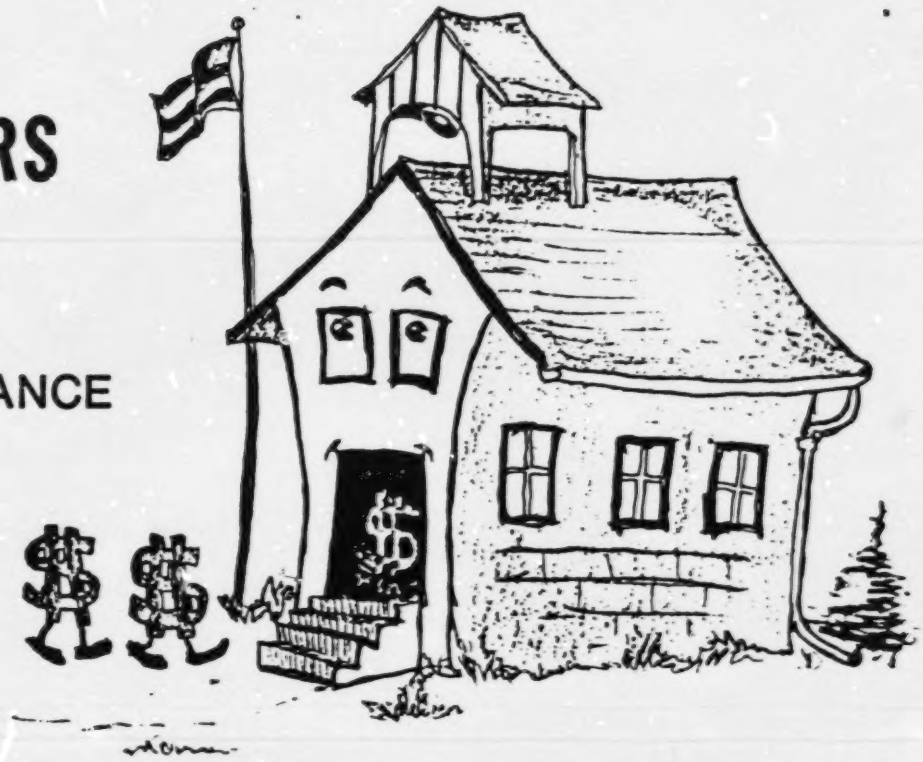
August, 1984

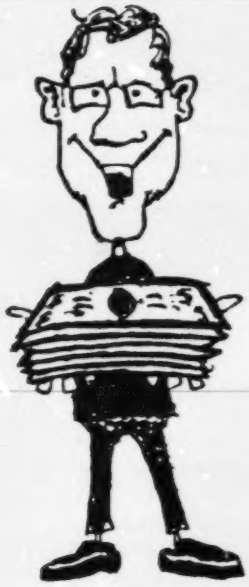
EDUCATION REVENUE

TOTAL DOLLARS = LOCAL LEVY + STATE AID

TOTAL DOLLARS

PUPIL UNITS
X
FORMULA ALLOWANCE





LOCAL LEVY

MILL RATE
X
TAXABLE VALUE

STATE AID

TOTAL DOLLARS - LOCAL LEVY

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MINNESOTA EDUCATION FINANCE TERMS - GENERAL OVERVIEW

1. Foundation Aid Program - the method by which school districts receive the majority of their financial support. The foundation aid program includes a number of components which are funded by a combination of state aids and local property taxes. The components include:

   A. Basic Foundation Aid & Basic Maintenance Levy, Equalizing Factor, AFDC

   This establishes the basic level of finance for school districts. The foundation aid is determined by subtracting the amount raised by the basic maintenance levy from the formula allowance.

School Year	Foundation Aid Formula Allowance	Basic Maintenance Levy
1979-80	$1182	27 mills
1980-81	1265	23 mills
1981-82	1333	21 mills
1982-83	1346*	24 mills
1983-84	1475	24 mills
1984-85	1475	24 mills
1985-86	1585	23.5 mills

   * The 1982-83 formula allowance was set at $1346 although the appropriation was adequate to fund only $1313.

   The Equalizing Factor is determined by dividing the basic foundation aid formula allowance by the basic maintenance levy (1475 - .024 = 61,458).

   The basic formula also includes an allowance for the number of AFDC students in the district. This is added to the $1475 and results in different basic allowances in many districts.

   B. Tier I (Cost Differential Tier) Allowance

   The Tier I (or Cost Differential Tier) revenue allowance is equal to a district's sparsity component of the replacement allowance and the district's training and experience index minus 1.25 times $300. The Department of Education is to calculate the training and experience index for all districts. (Districts' training and experience indices range from approximately one to two.) The Tier I allowance is equalized at the same level as the basic formula.

   In 1985-86, district sparsity allowances in Tier I are doubled. The training and experience multiplier in Tier I is increased from $300 to $400. The Tier I training and experience calculation is:

   (District's Training & Experience Index - 1.25) x $400

   C. Tier II Allowance

   The Tier II revenue allowance is $150 per actual pupil unit. If a district's fund balance exceeds $500 per total pupil units, its Tier II allowance is reduced by the amount of the excess. The Tier II allowance is equalized at the same level as the basic formula.

D. Tier III Allowance

The Tier III revenue allowance is $100 per actual pupil unit. It is equalized at 75% of the level of the basic formula.

E. Tier IV Allowance

The Tier IV revenue allowance is $100 per actual pupil unit. It is equalized at 50% of the level of the basic formula.

In 1985-86, in addition to the $100 already in Tier IV, a training and experience formula is added to Tier IV. It is:

(District's Training & Experience Index - 1.25) x $150)

F. Tier V Allowance

The Tier V revenue allowance is equal to the amount per actual pupil that a district would have received in 1984-85 from the replacement, grandfather, discretionary and low fund balance allowances minus the amount received from Tiers I, II, III, and IV plus $25 per total pupil unit. Tier V allowance is equalized at 50% of the level of the basic formula.

In 1985-86, a district's Tier V allowance is reduced by any increases in Tiers I and IV.

G. Minimum Aid

A school district where more than 60% of the valuation is agricultural land is guaranteed $800 per pupil unit in state aid. State aid is defined to include foundation aid, agricultural tax credit and homestead credit and other tax relief aids. The minimum aid provision assures that eligible districts will receive 54% of the foundation aid formula allowance in state aid.

H. Shared-Time Foundation Aid

If a non-public school student attends the public school for a portion of the day, the public school receives a pro-rated share of foundation aid for that student.

2. Referendum Levy - With approval from the voters in the school district, a district may increase its levy for general fund purposes.

3. Summer Programs - Beginning in summer 1985, funding for summer instructional programs will be an equalized formula which is the same as the basic foundation aid formula. Funding for 1 pupil unit ($1475) is based on 1050 hours of summer student instruction time.

Beginning in summer 1985 also, an equalized summer educational improvement allowance provides districts with revenue for staff activities. Revenue is based on .005 times the number of previous regular pupil units times the previous year formula allowance.

4. Categorical Aids - Additional resources for specific school programs. Categorical aids include:

   A. Transportation Aid
   B. Special Education Aid
   C. Secondary Vocational Aid
   D. Limited English Proficient Aid
   E. Gifted and Talented Aid
   F. Capital Expenditure Equalization Aid
   G. Community Education Aid
   H. Adult Vocational Aid

5. Assessor's Estimated Market Value - The value set upon real estate or other property as a basis for levying taxes. The value is determined by each local assessor.

6. Equalized Aid Review Committee (EARC) - A 4-member committee established to normalize property values based on assessment practices and market values.

   - Commissioner of Revenue
   - Commissioner of Education
   - Commissioner of Administration
   - Commissioner of Agriculture

7. EARC Value - The property value used for assessing most school taxes. It is determined by equalizing differences in assessed valuations in the different counties. This equalization process compares assessed values to sales values.

8. Assessed Value - The property value used for actual taxing purposes. Classification ratios are applied to the assessor's estimated market value to determine assessed value. For example, on agricultural land, the first $60,000 of market value is valued at 14%, remaining amounts are valued at 19% of market value.

9. Pupil Weightng - A weighted count of pupils used to determine state aid.

One Kindergartener	=	.5 pupil units
One Elementary	=	1.0 pupil units
One Secondary	=	1.4 pupil units

10. UFARS - Uniform Financial Accounting and Reporting System - a statewide accounting procedure that must be used by school districts to record financial transactions and report financial information to the state department of education.

11. School Funds - a set of financial accounts to manage school operations.

    A. Operating Fund

       1. General Fund - general operations of the school district
          - salaries and related expenses
          - supplies
          - custodial operations

2. Food Service Fund - school lunch program

3. Transportation Fund - pupil transportation

4. Community Service Fund - community service & recreation programs

B. Non-Operating Funds

1. Capital Outlay Fund - capital programs

- acquisition of land
- repair of buildings
- equipment
- purchase of textbooks and purchase and lease of software

2. Building Construction Fund

3. Debt Service - building project bonds

4. Trust and Agency Fund

12. Districts Off The Formula - In some school districts the 24 mills x EARC value is a higher figure than pupil units x $1475. These districts, which have have high property values per pupil unit, are referred to as being off the formula. These districts do not receive any basic foundation aid but are still eligible for agricultural tax credit and homestead credit. The minimum aid provisions also apply to these districts.

13. Revenue Equity - In districts off the formula, the required mill levy raises more revenue than the formula allowance provides for. For taxes payable in 1984, those districts will be required to make the full required levy on a six-year phase-in basis. (In 1983 districts could levy for only the amount of revenue of the formula allowance.) The revenue raised that exceeds the formula allowance will be used to replace state money that would have been paid to a district for categorical aids. The revenue equity applies to the basic foundation allowance and to the transportation formula.

Beginning with property taxes payable in 1985, those districts in which more than 60% of the property valuation is agricultural land are exempt from the revenue equity provisions. (i.e., Those districts are required to levy an amount equal to formula allowance times pupil units and essentially receive more property tax relief than non-agricultural districts.)

14. Property Tax Timetable - Property taxes are often referred to in various ways. Read across the following columns to find the corresponding terms referring to property taxes.

EARC (Property Value For Year Of	School Board Certified Levy In October Of	Property Taxes Payable in Calendar Year	School District Revenue For School Year
1980	1981	1982	1982-83
1981	1982	1983--32%--	1982-83
		--68%--	1983-84
1982	1983	1984--32%--	1983-84
		--68%--	1984-85
1983	1984	1985--32%--	1984-85*
		--68%--	1985-86
1984	1985	1986--32%--	1985-86*
		--68%--	1986-87

Beginning with property taxes payable in 1983, property taxes paid in a calendar year are recognized as revenue in two different school years. During the 1982-83 school year, this change in revenue recognition resulted in school districts receiving approximately 132% of their anticipated property tax revenue. State aids were reduced by the additional 32% of property taxes so that the total school district revenue (state aid and property tax) received during the 1982-83 school year did not change. This recognition of approximately 132% of a year's anticipated property tax receipts occurs only during the 1982-83 school year. In subsequent school years, a district will receive approximately 68% of its property tax revenue from the levy certified during the previous school year and approximately 32% of its property tax revenue from the levy certified in the current school year.

* Action by the 1984 Legislature provides for reduction of the 32% payable 1985 taxes shifted into the 1984-85 school year revenue to be reduced from 32% to 24% if the state's anticipated 6-30-85 budget surplus is adequate for the state to make up the difference. This change would remain in effect in subsequent years.

Average Valuation in District

Gopherville School District

Number Pupil Units	=	1000
Foundation Aid Formula Allowance	=	$1475 per pupil unit
EARC Value	=	$35,000,000
Local Effort for 1984-85 Revenue	=	24 EARC mills (.024)

Formula

Formula Allowance - Local Effort = State Aid ($)

Formula Allowance	x	#Pupil Units	-	(mill rate)	x	EARC Value	=	State Aid
$1475	x	1000	-	.024	x	$35,000,000	=	State Aid
$1,475,000			-	$840,000			=	$635,000

AVERAGE VALUATION DISTRICT	State Aid Per Pupil Unit	=	$635.00
	Local Revenue Per Pupil Unit	=	$840.00
	Percent State Aid	=	43.1%
	Percent Local Revenue	=	56.9%

Low Valuation in District

Gopherville School District

Number of Pupil Units	=	1000
Foundation Aid Formula Allowance	=	$1475 per pupil unit
EARC Value	=	$17,500,000
Local Effort for 1984-85 Revenue	=	24 EARC mills (.024)

Formula

Formula Allowance - Local Effort = State Aid ($)

Formula Allowance	x	# Pupil Units	-	(mill rate)	x	EARC Value	=	State Aid
$1475	x	1000	-	.024	x	$17,500,000	=	State Aid
$1,475,000			-	$420,000			=	$1,055,000

LOW VALUATION DISTRICT	State Aid Per Pupil Unit	= $1,055.00
	Local Revenue Per pupil Unit	= $420.00
	Percent State Aid	= 71.5%
	Percent Local Revenue	= 28.5%

High Valuation in District

Gopherville School District

Number of Pupil Units	=	1000
Foundation Aid Formula Allowance	=	$1475 per pupil unit
EARC Value	=	$61,000,000
Local Effort for 1984-85 Revenue	=	24 EARC mills (.024)

Formula

Formula Allowance - Local Effort = State Aid ($)

Formula Allowance	x	# Pupil Units	-	(mill rate)	x	EARC Value	=	State Aid
$1475	x	1000	-	.024	x	$61,000,000	=	State Aid
$1,475,000			-	$1,464,000			=	$11,000

HIGH VALUATION DISTRICT	State Aid Per Pupil Unit	= $11.00
	Local Revenue Per Pupil Unit	= $1,464.00
	Percent State Aid	= 0.7%
	Percent Local Revenue	= 99.3%

Comparison

of

State Aid and Local Revenue Contribution

Gopherville School District

Number Pupil Units = 1000
Foundation Aid Formula Allowance = $1475 per pupil unit

	Valuation		
	Low	Average	High
EARC Value	$17,500,000	$35,000,000	$61,000,000
Local Property Tax Effort	24 mills	24 mills	24 mills
Local Revenue Contributions	$420,000	$840,000	$1,464,000
State Aid Contributions	$1,055,000	$635,000	$11,000
Percent State Aid	71.5%	43.1%	.7%
Percent Local Revenue	28.5%	56.9%	99.3%
TOTAL REVENUE AVAILABLE	$1,475,000	$1,475,000	$1,475,000

Tier I Allowance

Tier I is also called the Cost Differential Tier in that it recognizes two factors where costs differ between districts. A district's Tier I Allowance is equal to its Sparsity Allowance (see page 23) and its Training and Experience Index (see page 22) minus 1.25 times $300. The Tier I Allowance is equalized at the same level as the basic formula.

Example
Gopherville School District

Pupil Units	1000
EARC Value Per Pupil Unit	$35,000
Sparsity Allowance Per Pupil Unit	$30 (see page 23)
Training and Experience Index	1.60 (see page 22)
Equalizing Factor	$61,458 (see page 21)

Determination of Tier I Allowance

Tier I Allowance = Pupil Units x (Sparsity Allowance + (T&E Index - 1.25) x 300)
= 1000 x ($30 + (1.60 - 1.25) x $300)
= 1000 x ($30 + .35 x $300)
= 1000 x ($30 + $105)
= 1000 x $135
= $135,000

Levy Calculation

$$\text{Levy} = \text{District Tier I Allowance} \times \frac{\text{District EARC Per Pupil Unit}}{\text{Equalizing Factor}}$$

$$= \$135{,}000 \times \frac{35{,}000}{61{,}458}$$
$$= \$135{,}000 \times .5695$$
$$= \$76{,}882$$

Aid Calculation

Aid = District Tier I Allowance - Tier I Levy
= $135,000 - $76,882
= $58,118

Tier II Allowance

The Tier II Allowance is $150 per pupil unit. If a district's fund balance exceeds $500 per pupil unit, the district's Tier II Allowance is reduced by the amount of the excess. The Tier II Allowance is equalized at the same level as the basic formula and Tier I.

Example
Gopherville School District

Pupil Units	1000
EARC Value Per Pupil Unit	$35,000
Fund Balance Per Pupil Unit	$300
Equalizing Factor	$61,458 (see page 21)

Determination of Tier II Allowance

Tier II Allowance = $150 x pupil units
= $150 x 1000
= $150,000

Levy Calculation

$$\text{Levy} = \text{Tier II Allowance} \times \frac{\text{District EARC Per Pupil Unit}}{\text{Equalizing Factor}}$$

$$= \$150{,}000 \times \frac{35{,}000}{61{,}458}$$
$$= \$150{,}000 \times .5695$$
$$= \$85{,}424$$

Aid Calculation

Aid = Tier II Allowance - Tier II Levy
= $150,000 - $85,424
= $64,576

Tier III Allowance

The Tier III Allowance is $100 per pupil unit. It is equalized at 75% of the level of the basic formula. Districts may be eligible for only a portion of Tier III revenue because the difference between the revenue available in Tiers I-IV and the old formula components is phased in over a four-year period. In 1984-85, districts receive the same amount they would have received from the old formula components in 1984-85 plus 25% of the difference.

Example
Gopherville School District

Pupil Units	1000
EARC Value Per Pupil Unit	$35,000
Equalizing Factor	$61,458 (see page 21)

Determination of Tier III Allowance

Tier III Allowance = $100 x Pupil Units
= $100 x 1000
= $100,000

Levy Calculation

$$\text{Levy} = \text{Tier III Allowance} \times \frac{\text{District EARC Per Pupil Unit}}{75\% \times \text{Equalizing Factor}}$$

$$= \$100{,}000 \times \frac{35{,}000}{.75 \times 61{,}458}$$

$$= \$100{,}000 \times \frac{35{,}000}{46{,}093}$$

$$= \$100{,}000 \times .7593$$

$$= \$75{,}933$$

Aid Calculation

Aid = Tier III Allowance - Tier III Levy
= $100,000 - $75,933
= $24,067

Tier IV Allowance

The Tier IV Allowance is $100 per pupil unit. It is equalized at 50% of the level of the basic formula. Districts may be eligible for a portion or none of Tier IV revenue because the difference between the revenue available in Tiers I-IV and the old formula components is phased in over a four-year period. In 1984-85, districts receive the same amount they would have received under the old formula components in 1984-85 plus 25% of the difference.

Example
Gopherville School District

Pupil Units	1000
EARC Value Per Pupil Unit	$35,000
Equalizing Factor	$61,458 (see page 21)

Determination of Tier IV Allowance

Tier IV Allowance = $100 x Pupil Units
= $100 x 1000
= $100,000

Levy Calculation

$$\text{Levy} = \text{Tier IV Allowance} \times \frac{\text{District EARC Per Pupil Unit}}{(50\% \times \text{Equalizing Factor})}$$

$$= \$100{,}000 \times \frac{35{,}000}{.50 \times 61{,}458}$$

$$= \$100{,}000 \times \frac{(\$35{,}000)}{(30{,}729)}$$

= $100,000 x 1 *
= $100,000

Aid Calculation

Aid = Tier IV Allowance - Tier IV Levy
= $100,000 - $100,000
= 0

*When this percentage is greater than 1, 1 is used so that the levy does not exceed the allowance.

Tier V Allowance

The Tier V allowance is equal to the amount per pupil unit that a district would have received in 1984-85 from the replacement, grandfather, discretionary and low fund balance allowances minus the amount received from Tiers I, II, III and IV plus $25 per pupil unit. If in Tiers I, II, III and IV, a district receives more than what it would have received from the replacement, grandfather, discretionary and low fund balance allowances plus $25 per pupil unit, it will have no Tier V Allowance. (For a comparison of old and new formulas, see page 17.) The Tier V Allowance is equalized at 50% of the level of the basic formula.

Example
Gopherville School District

Pupil Units	1000
Revenue Per Pupil Unit - Tiers I-IV	$485
Revenue Per Pupil Unit - Old Formula	$525
EARC Value Per Pupil Unit	$35,000
Equalizing Factor	$61,458 (see page 21)

Determination of Tier V Allowance

$$\text{Tier V Allowance} = \left(\text{Revenue Per Pupil Unit}_{\text{Old Formula}} - \text{Revenue Per Pupil Unit}_{\text{Tiers}}\right) \times \text{Pupil Units}$$

$$= (\$525 - \$485) \times 1000$$
$$= \$40 \times 1000$$
$$= \$40{,}000$$

Levy Calculation

$$\text{Tier V Levy} = \text{Tier V Allowance} \times \frac{\text{District EARC Per Pupil Unit}}{(50\% \times \text{Equalizing Factor})}$$

$$= \$40{,}000 \times \frac{35{,}000}{.50 \times 61{,}458}$$
$$= 40{,}000 \times \frac{35{,}000}{30{,}729}$$
$$= \$40{,}000 \times 1 \text{ *}$$
$$= \$40{,}000$$

Aid Calculation

$$\text{Tier V Aid} = \text{Tier V Allowance} - \text{Tier V Levy}$$
$$= \$40{,}000 - \$40{,}000$$
$$= \$0$$

*When this percentage is greater than 1, 1 is used so that the levy does not exceed the allowance.

COMPARISON - 1984-85 Foundation Formula - New Tier Formula and Old Law

	Tier Formula	Old Law	
Tier V	Amount Old Formula Funding Exceeds Tiers I-IV + $25 x Total P.U. Guarantee: 1 mill = $30.73		
Tier IV	$100 x WADM Guarantee: 1 mill = $30.73	Districts' 70-71 above average expenditure amount Guarantee: Approximately 1 mill = $30	GRANDFATHER
Tier III	$100 x WADM Guarantee: 1 mill = $46.09	$60 x WADM Fund balance below $316 Guarantee: 1 mill = $46.09	LOW FUND BALANCE
Tier II	$150 x WADM Access limited if fund balances over $500 Guarantee: 1 mill = $61.45	$153.65 x Total P.U. Access limited if fund balance over $500 Guarantee: 1 mill = $61.45	DISCRETIONARY
Tier I	[(T & E Index - 1.25) x 300 + sparsity factor] x WADM Guarantee: 1 mill = $61.45	Districts' 1980-81 sparsity decline, or growth amount x inflation factor x total p.u. Guarantee: 1 mill = $61.45	REPLACEMENT
Basic	$1475 x Total P.U. Guarantee: 1 mill = $61.45	$1475 x Total P.U. Guarantee 1 mill = $61.45	BASIC

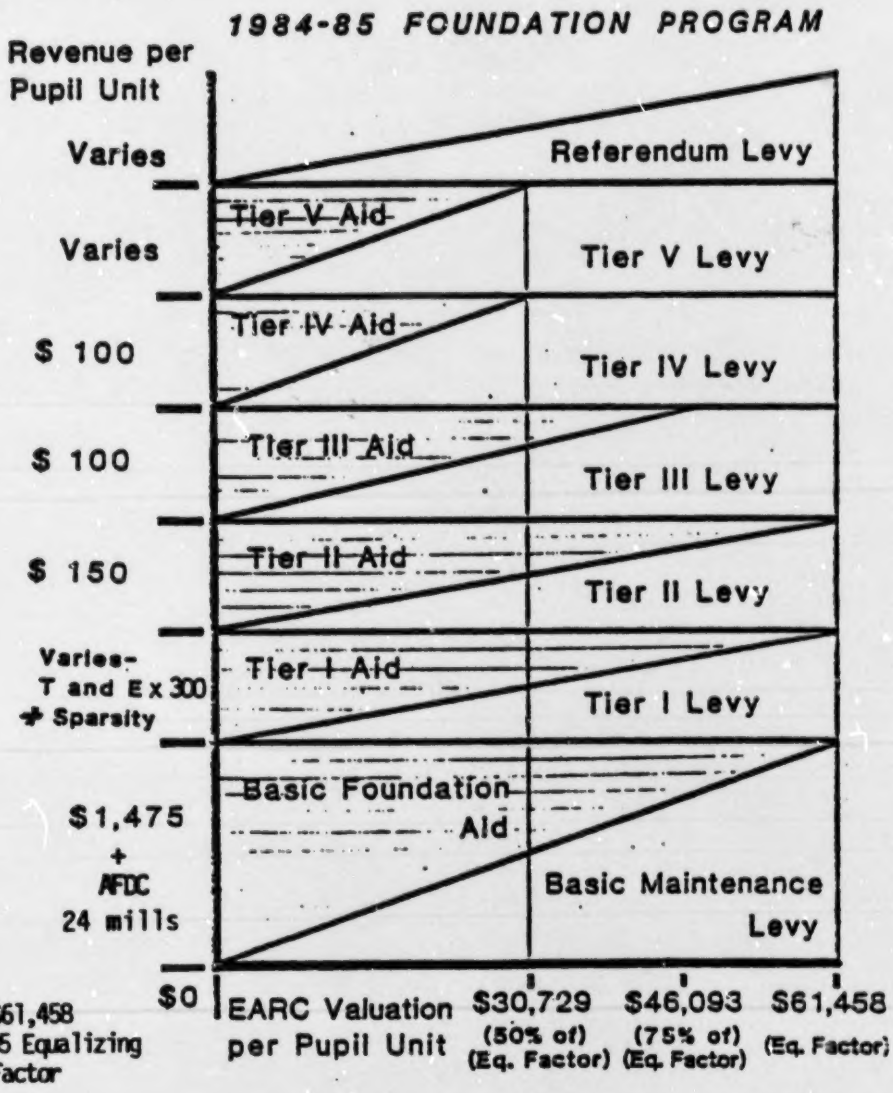
Notes:

1. WADM = Weighted average daily membership or regular pupil units.
2. Total P.U. = WADM + AFDC pupil units.
3. T & E Index = A Training and Experience Index has been established for each school district.
4. Guarantee is the revenue per total pupil unit that one mill is guaranteed to raise. That is, the district makes a one mill levy and state aid pays the remainder to make up the guarantee. A guarantee of $61.45 = $\frac{1475 \text{ (formula allowance)}}{24 \text{ (mill rate)}}$

   Multiplying the guarantee by 1 mill (.001), indicates the property valuation per pupil unit level at which a district goes "off that particular formula." (i.e. - in Tier IV, if a district's property valuation per pupil unit is above $30,729, it will be "off the Tier IV formula.")
5. Actual revenue for 1984-85 is based on a 4-year phase-in of the difference between old formula and new tier formula. However, every district is guaranteed a $25 increase per total p.u. in 1984-85 over old law.

Comparison of Foundation Formula and Tiers - 1984-85 & 1985-86

1985-86 Foundation Program
Chapter 463



NO CHANGE

Reduced by the amount of increased T&E revenue in Tiers I and IV

$100 + T&E x 150

NO CHANGE

NO CHANGE

Varies
T&E x 400
+(sparsity x 2)

$1585 /23.5 mills

Training and Experience Formula for 1984-85 (all in Tier I)
(District's T&E Index - 1.25) x 300

Training & Experience Formula for 1985-86 will be:

a)Tier I
(District's T&E Index - 1.25) x 400

b)Tier IV
(District's T&E Index - 1.25) x 150

Referendum Levy

A school district may increase its levy by a referendum approved by the voters of the district. The ballot question must state the amount of the proposed levy in mills and the dollars raised by that millage the first year it is to be in effect. The additional levy authority is permanent unless the ballot question limits it to a certain number of years. If the referendum on additional levy authority is approved by the voters, the school board may levy that total amount or any portion of that amount. This levy authority can be revoked by referendum.

(This example assumes voter approval of a 5 mill referendum and the school board levies the full authorization.)

Gopherville School District

Number of Pupil Units	1000
*Taxable Value	$25,000,000
EARC Value	$35,000,000
Referendum Levy Authorization	5 mills

Calculation

Taxable Value	x	mill rate	=	Additional Revenue
$25,000,000	x	.005	=	Additional Revenue
		$125,000	=	Additional Revenue

* For a referendum levy, the taxable value rather than EARC value is used.

Minimum Aid

Districts where agricultural land comprises 60% or more of the assessed valuation of the district are guaranteed $800 per pupil unit in state aid. The $800 of minimum aid includes any foundation aid the district may receive plus any tax relief aids such as homestead credit, agricultural credit, wetlands credit, etc., received by the district.

Gopherville School District

Number of Pupil Units	1000
Foundation Aid	$73,000
Homestead Credit	$240,000
Agricultural Tax Credit	$300,000
Other Tax Credits	$5,000

Minimum Aid = (Pupil Units x Guarantee) - (Foundation Aid + Property Tax Relief Aid)

= 1000 x $800 - ($73,000 + $240,000 + $300,000 + $5,000)

= $800,000 - $618,000

= $182,000

The school district's local effort is then reduced by the amount of minimum aid the district receives. This means the district will not receive additional funding but the percentage of that funding from the state will increase.

Determination of the Equalizing Factor

Basic Foundation Formula Allowance Per Pupil Unit	=	$1475
Basic Maintenance Mill Rate	=	.024
1 Mill	=	.001

$$\text{Equalizing Factor} = \frac{\text{Basic Foundation Formula Allowance}}{\text{Basic Maintenance Mill Rate}}$$

$$= \frac{\$1475}{.024}$$

$$= \$61,458$$

The state equalizes the basic foundation formula at this level. For every 1 mill levied, the state guarantees the district will receive $61.46 per total pupil unit ($61,458 x .001 = $61.46). When a school district's EARC property value per total pupil unit exceeds $61,458, the district will be off the formula. If a school district's property value is $35,000 per total pupil unit (56.9% of $61,458), it would receive 56.9% of its basic foundation revenue from the maintenance levy and 43.1% from state foundation aid.

Formulas that are equalized at 100% of the equalizing factor are guaranteed to raise $61.46 per total pupil unit for each 1 mill levied. For example:

	Basic Formula	Equalizing Factor	Discretionary Allowance	Tier II Allowance
Guarantee	1475	61.46	153.65	150
Mill Rate	24	1	2.5	2.44

A formula that is equalized at 75% of the equalizing factor or 75% of the level of the basic formula is guaranteed to raise $46.09 per total pupil unit for each 1 mill levied (.75 x $61.46). A formula that is equalized at 50% of the equalizing factor or 50% of the level of the basic formula is guaranteed to raise $30.73 per total pupil unit for each 1 mill levied (.50 x $61,46).

Determination of Training and Experience Index

Training and experience indices for school districts are calculated by the Department of Education. This calculation is based on the training and experience level of each staff person in the district as reported by the district to the department. The indices, which could range from 1.0 to 2.4193, are based on the number of staff at each training level (BA, BA+15, MA, etc.) and years of experience (1-20). If all of a school district's staff were in their first year of teaching with only a bachelor's degree (B.A. or B.S.), the district would have an index of 1.0. If all of a school district's staff had been teaching 20 or more years and had a doctorate (Ph.d.), the district would have an index of 2.4193. In 1984-85, actual district indices range from 1.2203 to 2.0097. The statewide average index is 1.6.

A matrix of possible Training and Experience Indices is shown below. It does not include all training and experience levels. A district's training and experience index will be the average of the training and experience levels of all its staff.

Training Level:		B.A.	B.A.+30	M.A.	M.A.+30	Ph.d.
Years of Experience:	(1)	1.0000	1.0563	1.1348	1.2449	1.6933
	(5)	1.1023	1.1948	1.2962	1.4211	1.7369
	(10)	1.2301	1.3679	1.4979	1.6415	1.8734
	(15)	1.3579	1.5411	1.6996	1.8618	2.1009
	(20)	1.4897	1.7142	1.9013	2.0821	2.4193

1980-81 Calculation - Sparsity Aid

Gopherville School District

Pupil Units	=	550
High School Average Daily Membership(ADM)	=	300
Foundation Aid Formula Allowance	=	$1265 per pupil unit
High School Attendance Area	=	200 sq. miles
Distance from High school to Nearest High School	=	40 miles
Isolation Index	=	50

School districts with a sparsely populated high school attendance area may be eligible for sparsity aid. This aid is intended for the additional program needs of these districts. To be eligible a high school must have a secondary ADM of less than 500 and an isolation index (ii) greater than 18.

Formula

$$\text{Foundation Aid Formula Allowance} \times \text{Secondary Average Daily Membership} \times \frac{(500 - \text{Sec. ADM})}{(500 + \text{Sec. ADM})} \times \frac{(ii - 18)}{(ii)}$$

ii = the sum of the distance between a district's high school and the nearest other high school plus the square root of one-half of the area of the district's high school attendance area.

$$\$1265 \times 300 \times \frac{(500 - 300)}{(500 + 300)} \times \frac{(50 - 18)}{(50)}$$

$$\$1265 \times 300 \times \frac{(200)}{(800)} \times \frac{(32)}{(50)}$$

$$\$1265 \times 300 \times .25 \times .64$$

Sparsity Aid = $60,720

Beginning with the 1980-81 school year, the amount of sparsity aid became part of the replacement aid and levy formula. In 1984-85, the sparsity aid was incorporated into Tier I.

AFDC Aid

Beginning in the 1981-82 school year, a district may count 98.5% of its 1980-81 AFDC pupil units in the foundation aid formula. (See page 25 for explanation of 1980-81 AFDC pupil units.)

Gopherville School District

Number pupil units	=	1000
Number AFDC units 1980-81	=	90
1984-85 AFDC units = 90 x .985	=	88.65
EARC value	=	$35,000,000
Local effort for 1984-85 revenue	=	24 EARC mills (.024)
Foundation aid formula allowance	=	$1475

Formula

Formula Allowance	x	# Pupil Units	-	Mill Rate	x	EARC Value	=	State Aid
$1475	x	1088.65	-	.024	x	$35,000,000	=	State Aid
$1,605,759			-	$840,000			=	$765,759

Total revenue available per actual pupil unit (with AFDC)

$1,605,759 ÷ 1000 = $1605.76

Total revenue available per actual pupil unit (without AFDC)

$1,475,000 ÷ 1000 = $1475.00

Extra revenue per pupil unit = $130.76

Calculation of 1980-81 AFDC Pupil Units

Through the 1980-81 school year, school districts received additional pupil units for the number of students in the district in that year from families receiving Aid to Families with Dependent Children (AFDC). This additional aid is intended to meet the problems of educational overburden caused by broken homes, poverty and low income. These are two types of AFDC pupil unit weighting - regular and concentration. The regular weighting provides an additional .5 pupil unit for each student from a family receiving AFDC. If a district's percent of students from families receiving AFDC is above 5%, the district receives an additional .1 pupil unit per student from a family receiving AFDC for each percent of concentration above 5% up to a maximum of .6 additional pupil units. Thus each student from a family receiving AFDC could generate up to 1.1 AFDC pupil units (.5 regular + .6 concentration). These pupil units are in addition to the regular weighting (1 for elementary, 1.4 for secondary) generated by this student.

AFDC Pupil Weighting Schedule

% of Students In District From AFDC Families		Regular AFDC Units		Concentration AFDC Units		Total AFDC Units
Up to 6%	=	.5	+	0	=	.5
6% to 7%	=	.5	+	.1	=	.6
7% to 8%	=	.5	+	.2	=	.7
8% to 9%	=	.5	+	.3	=	.8
9% to 10%	=	.5	+	.4	=	.9
10% to 11%	=	.5	+	.5	=	1.0
11% and above	=	.5	+	.6	=	1.1

Example

Gopherville School District

Number of regular pupil units	=	1000
Number of students from AFDC families	=	90 (9% AFDC)
Regular AFDC units	=	90 x .5 = 45
Concentration AFDC units	=	90 x .4 = 36
Total Additional Units		= 81

Summer Programs

For summer 1985, revenue to operate summer programs will come from an equalized aid and levy formula. Two components make up the summer program revenue allowance: a summer instructional revenue allowance and a summer educational improvement revenue allowance.

Gopherville School District

Number of summer student instructional hours	-	30,000
Number of pupil units - 1984-85	-	1,000
Foundation Formula Allowance - 1984-85	-	$1475
Local effort for 1984-85 revenue	-	24 mills (.024)
EARC value	-	$35,000,000

$$\text{Summer pupil units} = \frac{\text{Summer student instructional hours}}{1050(\text{hours in regular school year})} = \frac{30,000}{1050} = 28.57$$

Summer instructional revenue allowance = summer pupil units x 84-85 formula allowance
= 28.57 x $1475
= $42,140

Summer educational improvement revenue allowance = .005 x 84-85 pupil units x 84-85 formula allowance
= .005 x 1,000 x $1,475
= 5 x $1,475
= $7,375

Summer program revenue allowance = Instructional revenue allowance + Educational improvement revenue allowance
= $42,140 + $7,375
= $49,515

Levy Formula

$$\text{Summer program levy} = \text{Summer revenue allowance} \times \left(\frac{\text{District EARC value}}{\text{1984-85 p.u.}} \div \frac{\text{Formula allowance}}{\text{Mill rate}} \right)$$

$$= \$49,515 \times \left(\frac{35,000,000}{1,000} \div \frac{1475}{.024} \right)$$
$$= \$49,515 \times (35,000 \div 61,458)$$
$$= \$49,515 \times .5695$$
$$= \$28,198^*$$

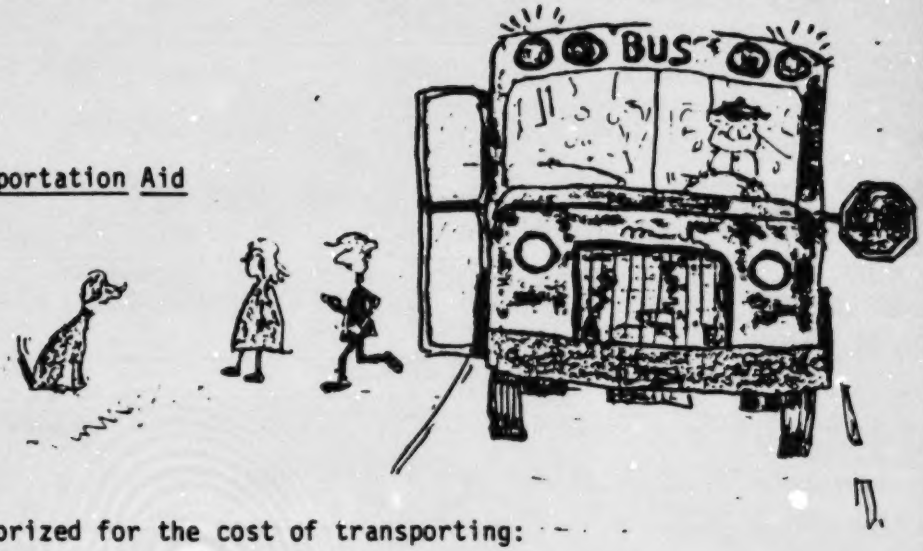
Aid Formula

Summer program aid = Summer revenue allowance - Summer program levy
= $49,515 - $28,198
= $21,317

*The mill rate of the summer program levy would be determined by dividing the levy amount by the EARC value. The mill rate for Gopherville is:

$$\frac{\$28,198}{\$35,000,000} = .00083 \text{ or } .83 \text{ mills}$$

Transportation Aid



Transportation aid is authorized for the cost of transporting:

1. Elementary students living more than one mile from school and secondary students living more than two miles from school;
2. Secondary vocational students to vocational centers;
3. Handicapped students;
4. Board and lodging for non-resident handicapped students;
5. Shared-time students;
6. Non-public school students;
7. Students in summer programs;
8. Students to jointly offered (between districts) classes;
9. Students between school buildings within the district.

The transportation aid formula uses the following terms in a multiple regression formula to predict a base-year transportation cost for each district:

1. Logarithm of the lesser of (a) students transported per square mile or (b) 200;
2. Whether the district is non-rural
3. Logarithm of the percent of students transported in buses not owned by the district.

The formula determines a predicted cost per student transported for each district for the base year (1982-83). This predicted cost is compared to the district's actual cost for the base year. If the district's predicted cost exceeds the actual cost, the predicted cost is adjusted as follows:

1. If the actual cost is within 5% of the predicted cost, the adjusted predicted cost shall equal actual cost.
2. If the actual cost exceeds the predicted cost by more than 5%, the adjusted predicted cost shall equal 105% of the predicted cost plus 40% of the difference between 105% of the predicted costs and actual cost.
3. In no case shall a district's adjusted predicted cost be less than 80% of the actual cost.

If the district's predicted cost is less than the actual cost, the predicted cost is adjusted as follows:

1. If the actual cost is within 5% of the predicted cost, the adjusted predicted cost shall equal actual cost.
2. If the actual cost is more than 5% less than the predicted cost, the adjusted cost shall equal 95% of the predicted cost minus 40% of the difference between 95% of predicted cost and actual cost.
3. In no case shall a district's adjusted predicted cost be more than 120% of actual cost.

The district's adjusted predicted cost per student transported for the base year (1982-83) is then increased by 10.3% and multiplied by the number of full-time equivalent students transported in 1984-85.

A district's transportation aid is its adjusted predicted cost minus the proceeds of a 1.75 mill levy. In addition, a district may levy for the cost of transporting students who are ineligible for transportation aid if it would be hazardous for the students to walk. Districts may also levy for the costs of transporting secondary students who live between one and two miles from school.

Beginning in 1984-85, costs for non-regular transportation categories, which include transportation between schools during the day, transportation to cooperative programs and transportation for handicapped students, are reimbursed through a separate aid and levy formula.

Example

Gopherville School District

Number of students - 1984-85	1000
Number of students transported - 1984-85	800
EARC Value	$35,000,000
Adjusted predicted cost per student transported	$250

Transportation Entitlement = Number of students transported in 1984-85 x adjusted predicted cost per student transported

= 800 x $250

= $200,000

Transportation Levy = 1.75 mills x EARC value

= .00175 x $35,000,000

= $61,250

Transportation Aid = Transportation entitlement - Transportation Levy

= $200,000 - $61,250

= $138,750

Special Education

The State pays:

1) 70% of the salaries of teachers & essential personnel; plus

2) 50% of supplies & materials (to a limit of $50 per student); plus

3) 60% of the difference between the foundation aid formula allowance and the cost to a home district for special education services provided by contract or in a residential facility.

Example

Gopherville School District

Number pupil units	=	1000	
Number of students receiving special education instruction	=	110	
Number Special Education Staff	=	5	
1. 5 staff @ $20,000 each	=	$100,000	
$100,000 x .70 (Aid is $14,000 per teacher)			$70,000
2. Equipment and material cost	=	$2,150	
$2,150 x .50 (Maximum would be 110 x $50 = $5500)			$1,075
3. Contracts for special education services with another district:			
1 @ $5000 ($5000 - $1475)	=	$3525 x .60 =	$2115
1 @ $2200 ($2200 - $1475)	=	$725 x .60 =	$ 435
Aid	=		$2,550
Total Special Education Aid	=		$73,625

Limited English Proficient Aid

School districts with Limited English Proficient (LEP) Students can receive aid to recognize the additional cost of educating these students. A LEP student is defined as one whose primary language is not English and whose score is significantly below the average score for students of the same age on an English reading or language arts test.

A district receives aid which is equal to up to 65 percent of the salary of a fulltime teacher for each 45 LEP students or a proportionate amount for less than 45 LEP students. However, a district with less than 22 LEP students is guaranteed 65 percent of one half-time teacher's salary.

Example

Gopherville School District

Number of LEP Students	=	65
LEP Teachers	=	1 @ $16,000 1 @ $14,000
For the first 45 LEP Students, the district receives 65% of $16,000	=	$10,400
For the remaining 20 LEP Students, the district receives 20/45 x 65% x $14,000	=	$4,044
TOTAL LEP AID	=	$14,444

Secondary Vocational Education Aid

The State pays:

1) 45% of the salary of essential licensed personnel; plus

2) 45% of necessary teacher travel between instructional sites and to vocational student organization meetings within the state.

Example

Gopherville School District

Number Pupil Units = 1000
Number Certified Vocational Teachers = 5

1) Salary Essential Personnel

5 teachers @ $18,000 each = $90,000
$90,000 x .45 = $40,500 State Aid

2) Travel

$3,000 x .45 = $1,350 State Aid

TOTAL AID = $41,850 State Aid

(Aid is no longer paid for the cost of secondary vocational equipment; however a levy is authorized as part of the capital expenditure levy - see page 34.)

Gifted and Talented Aid

A district which establishes a program for gifted and talented students is eligible for state aid. No more than 5% of the students in the district may be counted as gifted and talented for the purposes of determining aid. For 1984-85, the aid is $19 per gifted and talented student.

Example

Gopherville School District

Number of students	1000
Maximum number - gifted and talented students for aid purposes	50

Maximum aid = 50 students x $19

= $950

Interdistrict Cooperation Aid and Levy

School districts which enter into cooperative agreements and have cooperation plans approved by the Commissioner of Education are eligible for interdistrict cooperation revenue to pay for all or a portion of the costs of the cooperation. Districts which are members of intermediate school districts and Minneapolis, Anoka, St. Paul and Duluth school districts are not eligible for this revenue.

A district's interdistrict cooperation revenue equals the lesser of:

1. $50 times the number of pupil units in the district
2. $50,000
3. The actual cost to the district of the cooperation program

A district may levy the amount of its interdistrict cooperation revenue allowance up to an amount raised by one mill. If the one mill levy does not raise the total amount of the interdistrict cooperation revenue allowance, the state makes up the difference.

Example

Gopherville School District

Number of pupil units	800
District EARC value	$35,000,000
Estimated cost of cooperation plan	$42,000

Interdistrict Cooperation Revenue = the lesser of (1)50 x pupil units ($50 x800)
(2)$50,000
(3)actual cost of cooperation

= the lesser of (1)$40,000
(2)$50,000
(3)$42,000

Interdistrict Cooperation Levy = Interdistrict Cooperation Revenue up to 1 mill x EARC value (.001 x $35,000,000)

= $40,000 up to $35,000

= $35,000

Interdistrict Cooperation Aid = Interdistrict Cooperation Revenue - Interdistrict Cooperation Levy

= $40,000 - $35,000

= $5,000

Capital Expenditure Levy and Aid

For 1984-85 districts are allowed to levy up to $90 per pupil unit ($95 in growth districts) not to exceed seven EARC mills for capital expenditure purposes. The amount that $90 (or $95) times pupil units exceeds seven EARC mills is paid by the state as capital expenditure equalization aid. Districts may levy an additional $5 per pupil unit for equipment for secondary vocational or industrial arts programs.

Example in Average Valuation School District

Gopherville School District

Number of pupil units	1000
EARC value	$35,000,000

Formula

Formula Authorization = $90 + $5 x Pupil Units

= $95 x 1000

= $95,000

Limit

Limit = .007 (7 EARC mills) x $35,000,000

= $245,000

Gopherville School District could make the levy of $95,000 since the seven EARC mill limit is $245,000. The $95,000 does not exceed the $245,000.

In addition to the $90 + $5 per pupil unit authorization, a district may make a spe-special purpose capital expenditure levy of an additional $25 per pupil unit not exceed 2 mills. The proceeds of this levy must be used for energy conservation measures, including paying off state loans, handicapped access, fire code compliance, asbestos removal or encapsulation and PCB cleanup. A district may also levy a hazardous substance capital expenditure levy of $25 per pupil unit not to exceed 2 mills to pay for the cost of asbestos removal or encapsulation and PCB cleanup.

In both of these additional levies, if a 2-mill levy does not raise $25 per pupil unit, the state will pay the difference.

Capital Expenditure Levy and Aid

Example in Low Valuation School District

Gopherville School District

Number of Pupil Units	1000
EARC Value	$10,000,000

Formula

Formula Authorization = $90 + $5 x Pupil Units

= $95 x 1000

= $95,000

Limit

Limit = .007(7 EARC MILLS) x $10,000,000

= $70,000

Gopherville School District is limited to a levy of $70,000. The difference between the limit and the formula authorization is paid as state aid.

Capital Expenditure Equalization Aid = Formula Authorization - Levy Limit

= $95,000 - $70,000

= $25,000

If Gopherville School District makes its maximum allowable levy of $70,000, it is eligible for capital expenditure equalization aid of $25,000.

A district with low property value may also qualify for state aid on the special purpose capital expenditure levy and on the hazardous substance capital expenditure levy. If 2 mills raises less than $25 per pupil unit, the state aid will make up the difference. In this example, 2 mills times property value (.002 x $10,000,000) will raise $20,000; the maximum allowed is $25 times pupil units ($25 x 1000) or $25,000. In this district, the district would levy $20,000 (the amount allowed with the 2 mill limit) and the state would pay the remaining $5,000.

Community Education

Community Education programs are designed to provide the school district residents with the opportunity to utilize educational facilities and programs during non-school hours. Community education programs may also be offered to K-12 students during the summer. In 1984-85, an additional 50¢ per resident in community education aid may be used for early childhood and family education programs or other community education programs. In districts with CQE early childhood and family education programs, the 50¢ must be used for those programs.

Community Education Funding - 1984-85

A. Community Education Revenue shall equal the greater of:
   1) $5 times the school district population
   2) $7,000 per district

B. Community Education Funding Formula Equals:
   1) The greater of (a)$5 times the school district population; b)$7,000 per district) minus .8 EARC mill

   2) Plus $.50 times the school district population for early childhood and family education or other programs

C. Districts may charge fees for each course.

Example

Gopherville School District

Number of district residents = 7,000
EARC property value = $35,000,000

A. Community Education Revenue equals the greater of:
   1) $5 times the district population = $35,000
   2) $7,000 = 7,000

B. Community Education Aid equals
   1) The greater of (a) $35,000 / b) $7,000) minus .8 EARC mill

   $35,000 - $28,000 = $7,000

   2) Plus $.50 times the school district population

   $.50 x 7,000 = $3,500

   Gopherville School District would receive:

Levy	$28,000
Regular Aid	7,000
Additional Aid	3,500
Total	$38,500

Adult Vocational Education Aid

The State pays:

1) 75% of the salaries of essential licensed personnel; plus

2) 50% of the cost of necessary travel between instructional sites.

Example

Gopherville School District

Number Adult Vocational Students	-	110
Number Certified Vocational Teachers	-	4

1. Salary Essential Personnel

1 fulltime teacher @ $18,000	=	$18,000
3 parttime teachers @ $4,000	=	$12,000
Total Salaries	=	$30,000
$30,000 x .75	=	$22,500 State Aid

2. Travel Cost = $2,200

$2,200 x .50 = $1,100 State Aid

Total Cost	=	$32,200
Total Aid	=	$23,600

Property Tax Relief Aids

Property Taxes Payable in 1985

The property tax relief aids replace property tax assessments with state payments. The effect is that the property taxpayer pays less than the taxes assessed on property and the state makes up that difference in a state payment to the taxing district. Tax relief aids include:

1. Homestead Credit

The state pays a portion of the homestead property owner's school tax through the homestead credit. Fifty-four percent of the property taxes on the first $67,000 market value of homestead property up to $650 per homestead are deducted from the homeowner's tax bill and that amount is then paid to the appropriate taxing districts by the state in a ratio of the taxing districts' mill rate to the total mill rate for the taxing area. On agricultural property, the homestead credit is 54% of all property taxes not to exceed $650 and is applied to the entire farm. In calculating homestead property taxes, the amount of the homestead credit is subtracted from the property taxes and then that amount is paid to the school district by the Department of Education.

2. State School Agricultural Credit

As part of foundation aid payments, the state pays school districts the amount of the state school agricultural credit. The agricultural credit is 33% of the tax levy on the first 320 acres of homestead agricultural property, excluding the homestead dwelling and surrounding one acre but including other buildings and structures, 15% of the tax levy on the next 320 acres of homestead agricultural property and 10% on homestead agricultural property over 640 acres.

The agricultural credit on non-homestead agricultural property is 15% of the tax levy on the first 320 acres and 10% of the tax levy on property over 320 acres. The credit on timber land is 10% of the tax levy. The agricultural credit provides school tax relief to agricultural property owners. In calculating farm property taxes, the amount of the agricultural credit is subtracted from the property taxes and then that amount is paid directly by the Department of Education to the school district.

3. Others

Other tax relief aids include wetlands credit (to owners of wetland, which could be drained but which is preserved in its natural condition), and native prairie credit (to owners of native prairie).

Tax Relief Aid

(For Property Taxes Payable in 1985)

City

Urban Homestead	
Market Value	$70,000.00
Assessor's Estimated Market Value	59,500.00
Assessed Value	10,705.00
Gross Taxes+	
County (33 mills)	$ 353.26
City (27 mills)	289.03
School (45 mills)	481.73
(105 mills)	$ 1,124.02
Reduction	
Homestead Credit(54% up to $650)	$ -606.97
NET PROPERTY TAX	$ 517.05

Effect on Homeowners' Property Taxes

Tax without this credit	$ 1,124.02
Property tax reduction	$ 606.97(54% reduction)
Tax after homestead credit reductions	$ 517.05

Of the homestead credit, the school district is paid an amount equal to the ratio of the school district's mill rate to the total mill rate times the amount of the homestead credit reduction.

$$\frac{45}{105} \times \$606.97 = \$260.13$$

Tax relief aid paid to the school district = $260.13

The $260.13 is paid to the school district by the state and replaces a portion of the levy certified by the district.

+ These mill rates are in auditor's mills, not EARC mills.

Tax Relief Aid
(For Property Taxes Payable in 1985)

Agricultural

Farm - 320 Acres		
Market value		$450,000.00
Assessor's estimated market value		300,000.00
(Assessor's estimated market value - homestead and one acre)		35,000.00
Assessed value		54,000.00
Gross Taxes+		
County	(30 mills)	$ 1,620.00
Township	(7 mills)	378.00
School	(48 mills)	2,592.00
	85 mills	$ 4,590.00
Reductions		
Agricultural tax credit (33% of the gross tax on the first 320 acres excluding the homestead & one acre)		$ 1,377.25
Homestead credit(54% of taxes up to $650)		650.00
Net Property Tax		$ 2,562.75

Effect on Farmer's Property Taxes

Tax without credits	=	$ 4,590.00
Property tax reduction	=	2,027.25(44.2% reduction)
Tax after credits	=	2,562.75

The total amount of the agricultural tax credit is paid to the school district by the state. The school district is paid an amount of the homestead credit equal to the ratio of the school district's adjusted mill rate* to the total adjusted mill rate times the amount of the homestead credit reduction.

$$\frac{45^*}{85} \times \$650 = \$344$$

Tax relief aid paid to the school district:

$1,377.25 (ag) + $344 (homestead) = $1,721.25

The $1,721.25 is paid to the school district by the state and replaces a portion of the levy certified by the district.

+ These mill rates are in auditor's mills, not EARC mills.
* An adjustment is made for the agricultural tax credit; in the example, the adjustment is three mills.

Effect of Tax Relief Aids on School District Revenue

Gopherville School District

	Levy Amount	% of Total Levy	State Aid
Maintenance	$1,200,000	71.8%	$1,500,000
Transportation	60,000	3.6%	220,000
Community Services	20,000	1.2%	12,000
Capital Expenditure	140,000	8.4%	-
Debt Service	250,000	15.0%	-
TOTAL	$1,670,000	100.0%	$1,732,000

Homestead Credit applied to property in the school district	$270,000
Agricultural Credit applied to property in the school district	300,000
TOTAL TAX RELIEF AIDS	$570,000

The school district levy amount is reduced by the amount of the homestead credit and agricultural credit that has been applied to property in the school district.

$1,670,000 - $570,000 = $1,100,000

This is the amount of property taxes to be paid by property owners after reductions for homestead credit and agricultural credit.

The district receives the amount of homestead credit and agricultural credit as state aid.

$1,732,000 + $570,000 = $2,302,000 (state aid)

The amount of homestead credit and agricultural credit is applied to school district funds in the same proportion as that fund's levy is to the total levy.

The maintenance levy is 71.8% of the total levy; so 71.8% of the total homestead credit and agricultural credit is applied against the maintenance levy.

$570,000 x 71.8% = $409,260

In effect, the maintenance levy is $790,740 ($1,200,000 - $409,260) and the corresponding state aid is $1,909,260 ($1,500,000 + $409,260).

Education Finance Appropriations

	1983-84	1984-85
Foundation Aid	$ 570,740,000	$ 577,591,000
Transportation Aid	84,292,400	84,437,000
Special Education Aid	126,479,500	134,335,100
Community and Adult Education	5,174,600	4,744,500
Secondary Vocational Education	22,142,000	22,732,000
Adult Vocational Education	8,107,400	8,603,000
Teacher Mobility	2,803,400	4,065,100
Nonpublic Schools	5,875,000	6,645,000
Public Libraries	4,566,000	4,802,000
Maximum Effort School Aid	1,795,100	4,595,900
Council on Quality Education	1,802,100	816,000
Technology and Education Improvement	7,017,000	3,554,000
Other Programs	11,645,700	28,669,600
Subtotal	$ 852,440,200	$ 885,590,200
Teacher Retirement(TRA)	103,978,200	125,484,600
Social Security	80,206,900	86,436,400
Subtotal - Retirement Aids	$ 184,185,100	$ 211,921,000
TOTAL	$1,135,528,600	$1,197,099,500

These are appropriation figures rather than entitlement figures. Most figures, except for the TRA and Social Security, represent 15% of the prior year's entitlement and 85% of the current year's entitlement. Figures for 1983-84 have been adjusted for cancellations, figures for both years reflect changes made by the 1984 Legislature.

AVTI appropriations are not included. Those appropriations are:

AVTI Instruction	$91,891,000	$92,848,000
AVTI Debt Service	7,012,300	6,740,300

Property Tax Relief Aid Payments To School Districts

	1983-84	1984-85
State School Agricultural Credit	$ 95,581,200	$ 96,783,500
Homestead Credit	244,783,200	250,954,100*
Reduced Assessment Credit	5,673,100	870,500**
Wetlands Credit	1,912,500	687,800
Native Prairie Credit	66,700	78,300
Disaster Credit	0	212,400
Agricultural Preserve Credit	56,700	73,800
Attached Machinery Aid	2,029,200	2,004,400
TOTAL - Tax Relief Aids	$350,102,600	$351,664,800

These are appropriations figures rather than entitlement figures. They represent 15% of the prior year's entitlement and 85% of the current year's entitlement.

*The homestead credit appropriation is reduced by $3,110,000 which is the estimated reduction in homestead credit payments required by 1984 Laws, Chapter 463, Article 7, Section 11, to offset decreased school district PERA contributions.

**Reduced assessment credit is repealed for property taxes payable in 1984. This appropriation is the 15% of the prior year's entitlement.

School District Property Tax Levies

	1983-84	1984-85
Maintenance	$ 980,595,000	$1,064,179,900
Transportation	83,252,000	84,581,300
Community Service	13,962,000	18,354,900
Capital Expenditure	87,119,000	94,160,900
General Debt Service	74,425,000*	131,188,500*
TOTAL	$1,240,353,000	$1,412,278,000
Operating Fund Levies	$1,240,353,000	$1,412,278,000
Non-Operating Fund Levies	$ 162,544,000	$ 225,349,400

These are the levies certified (before applying the tax relief aids) for a specific year. Because of the revenue recognition shift implemented in the 1982-83 school year, 32% will be recognized in the previous fiscal year, the remaining 68% in the fiscal year for which it is levied.

*General Debt Service was reduced by $52,275,000 for 1983-84 and $24,735,900 for 1984-85 due to a statutory change that reduced the surplus that could be carried in the debt service fund.

State and Local Operating Revenue Available to School Districts

This chart includes only those portions of state aids and local levies that go for general operation of the school district. The state aids that are included are foundation aid, summer school, transportation, special education, secondary vocational, teacher mobility, CQE and other programs. Retirement aid includes state contributions for teacher retirement and social security for school district employees. These are not traditionally part of the Education Finance budget but do support the operation of the school district. Levies included are maintenance and transportation. Levies are a net figure with the amount of tax relief aids subtracted. The proportion of the tax relief aids reflecting the maintenance and transportation levies they replace are included here.

Operating Revenues

	1983-84	1984-85
State Aid (1)	$ 833,629,000	$ 834,431,800
Retirement Aid	185,633,600	197,616,700
Tax Relief Aid (1)	299,476,100	295,186,820
Local Levy (2)	764,370,900	850,177,200
	$2,083,109,600	$2,177,412,500
Aid Adjustment - Property Tax Shift (3)	$ (20,000,000)	$ 3,000,000
Levy Adjustment - Property Tax Shift (3)	$ 20,000,000	(3,000,000)
Permanent School Fund Earnings	$ 25,000,000	$ 25,000,000
Total Available Operating Revenue	$2,108,109,600	$2,202,412,500
Percent Revenue Change:1982-83/1983-84	+20.1%	-
Percent Revenue Change:1983-84/1984-85	-	+4.5%
Percent Operating Revenue from State Sources	63.7%	61.4%
Percent Operating Revenue from Local Levies	36.3%	38.6%

(1) The state aid and tax relief aid figures are the appropriation rather than entitlement and for the most part are 85% of current year's entitlement plus 15% of the previous year's entitlement.

(2) The local levy figure is the amount levied for the school year. Because of the revenue recognition shift implemented in the 1982-83 school year, 32% of the levy proceeds are recognized as revenue in the previous school year and 68% in the fiscal year for which it was levied.

(3) When the 32% shifted in one year exceeds the 32% shifted in the previous year, an additional aid subtraction is made. However, when the 32% shifted in one year is less than the 32% shifted in a previous year, additional aids must be paid. Also, 1984 legislation provided for a possible reduction of the revenue recognition shift to as low as 24%. This potential reduction is not reflected in these figures.